

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

Date: October 28, 2020

Memorandum Reflecting Motions Made and Votes Taken on National Grid's Distribution Adjustment Charge filing (Docket No. 5040)

On August 3, 2020, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) its proposed Distribution Adjustment Charge (DAC) filing. The DAC is filed annually to establish a factor to reconcile estimated gas costs to actual gas costs included in rates over a twelve-month period beginning November 1. The DAC provides for funding, or the reconciliation and refund, of amounts associated with the Company's specific programs. It also facilitates the timely rate recognition of incentive/penalty provisions. As part of the DAC filing, National Grid also files an Annual Environmental Report for Gas Service, a Revenue Decoupling Mechanism (RDM) Reconciliation Filing, and a Gas Infrastructure, Safety, and Reliability Plan Annual Reconciliation Filing.

The components or factors of the DAC are: 1) a System Pressure factor; 2) an Advanced Gas Technology (AGT) factor; 3) an Environmental Response Cost (ERC) factor; 4) a Pension Adjustment factor; 5) an Arrearage Management Adjustment factor; 6) an Earnings Sharing Mechanism (ESM) factor; 7) a Low Income Discount Recovery factor; 8) a Service Quality Plan factor; 9) a Revenue Decoupling Adjustment (RDA) factor; 10) rate class specific Infrastructure, Safety, and Reliability (ISR) factor; 11) two Reconciliation factors for last year's DAC factors; and 12) a Storm Net Revenue factor. The final DAC factor is also grossed up to include a 1.91% uncollectible percentage.

On September 22, October 6, and October 21, 2020, the PUC conducted evidentiary hearings.

At an Open Meeting held on October 28, 2020, the PUC considered the evidence and the following motions and votes were made to approve recovery of the costs and issuance of the credits underlying each of the following factors, unanimously approving:

1. A System Pressure Factor of \$0.0154 per therm and the requirement that National Grid report on the incremental variable costs associated with peak hour resources in the DAC next year and that if those costs are significant during the 2020/2021 winter they be included in the reconciliation process;
2. An AGT Factor of (\$0.0017) per therm which will credit back to customers the \$713,000 balance in the AGT account;
3. An Environmental Response Cost Factor of \$0.0024 per therm;
4. A Pension and Post-Retirement Benefits other than Pensions Factor of \$0.0022 per therm;
5. An Arrearage Management Adjustment Factor of \$0.0015 per therm;
6. A Revenue Decoupling Adjustment Factor of \$0.0069 per therm;

7. Infrastructure, Safety, and Reliability Reconciliation Factors ranging from (\$0.0046) to \$0.0016 per therm as set forth in Attachment PUC 1-1, Page 1 of 6;
8. A Service Quality Performance Factor of (\$0.0013) which will credit a total of \$531,782 in penalties to customers;
9. Reconciliation Factors of \$0.0005 per therm for Residential and Small and Medium C&I customers; (\$0.0018) per therm for Large and Extra-Large C&I customers.
10. A Revenue Decoupling Reconciliation Factor for 2020 of (\$0.0034) per therm;
11. An Earnings Sharing Mechanism Factor of (\$0.0011) per therm which is subject to further review of National Grid's Earnings Report;
12. A Low-Income Discount Recovery Factor of \$0.0161 per therm; and
13. A Storm Net Revenue Factor of \$0.0000 per therm.

Chairman Gerwatowski moved that 50% of the incremental increases be deferred until a later date and ordered the Company to make a compliance filing by Friday, October 30, 2020, which replace the factors that were otherwise approved to recover the incremental costs associated with them. He identified this as the "COVID deferral." Commissioner Gold seconded the motion. The Commission voted 2-1 to approve the motion, with Commission Anthony voting against deferring 50% of the incremental increases. Lastly, the Commission voted unanimously to require the Company to file a report on the status of the COVID deferral by May 1, 2021.

This Memorandum reflects the motions made and the votes taken at Open Meeting. A written order, to which an appeal may be taken pursuant to R.I. Gen. Laws § 39-5-1, will be issued by the Commission at a later date.